

Message Text

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DRAFTED BY EUR/WE:MCRAMERUS:JC
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-----083802 231038Z /15

R 230054Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY VALLETTA

C O N F I D E N T I A L STATE 130217

E.O. 11652: GDS

TAGS: PFOR, MT

SUBJECT: MALTESE CHARGE QUERIES RE MARSAXLOKK LOANS

1. MALTESE CHARGE AGIUS MET WITH DEPTOFF (EUR) LATE MAY 18 TO INQUIRE ABOUT PROSPECTS FOR EXCESS PROPERTY LOANS FOR MARSAXLOKK PROJECT. AGIUS BEGAN BY STATING THAT PRESIDENT'S REPLY TO MINTOFF HAD CREATED "MOOD OF OPTIMISM, ALMOST EUPHORIA" IN MALTA, BUT THIS HAD BEEN DISSIPATED BY LATER TALK AT DESK LEVEL. DEPTOFF RESPONDED THAT HE HOPED THE GOM EXPECTATIONS HAD NOT BEEN "UNREALISTIC."

2. AGIUS REQUESTED AN EVALUATION OF MALTA'S CHANCES OF SECURING THE LOANS. DEPTOFF REPLIED THAT THERE WAS DOUBT THAT MALTA WOULD QUALIFY FOR FINANCIAL ASSISTANCE, BUT WE WOULD NOT REACH ANY DECISION UNTIL WE KNEW MORE CLEARLY WHAT GOM'S DESIRES WERE. WE ARE STILL AWAITING A LIST OF THE ITEMS OF EXCESS PROPERTY MALTA DESIRED. AGIUS THOUGHT LIST NOT NECESSARY, BECAUSE WE SHOULD ALREADY HAVE AN IDEA OF NEEDED ITEMS. DEPTOFF DESCRIBED IN GENERAL WAY EXCESS EQUIPMENT PROCEDURES, POINTING OUT THAT MOST ITEMS
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REQUIRED EXTENSIVE REHABILITATION AND, IN SOME CASES, THERE WERE PRIORITY CLAIMANTS.

3. AGIUS ASKED IF THE PROSPECTS FOR A LOAN WOULD BE POOR EVEN IF THE EQUIPMENT WERE AVAILABLE. DEPTOFF RESPONDED THAT EXPERTS BELIEVED MALTA'S ECONOMY WAS TOO STRONG TO QUALIFY FOR SPECIAL LOANS -- BUT THERE WAS NO

DEFINITE DECISION, NOR COULD THERE BE UNTIL SPECIFICS OF THE REQUEST ARE CLEARER. WE WOULD SEE IF THERE WERE ANY WAY WE COULD BE RESPONSIVE TO MALTA'S REQUEST. IF EXCESS PROPERTY AND LOANS WERE UNAVAILABLE, EXIM FINANCING WAS A POSSIBILITY, E.G., FOR NEW EQUIPMENT. AGIUS ANSWERED THAT EXIM FINANCING IS NOT AN OPTION AS THE GOM BY LAW MAY NOT BORROW AT INTEREST RATES ABOVE 3 PER CENT.

4. DEPTOFF SUMMED UP THAT THE USG WOULD EXAMINE MALTA'S REQUEST CAREFULLY TO SEE HOW, FROM STANDPOINT EXCESS AVAILABILITIES AND WITHIN THE LIMITS OF OUR AUTHORITY AND LEGISLATIVE CONSTRAINTS, WE COULD REPLY TO THE MALTESE REQUEST. IT WOULD BE HELPFUL TO HAVE (A) THE LIST OF ITEMS REQUESTED AND (B) SPECIFICS ON KIND OF LOAN BEING REQUESTED. IT IS NOT POSSIBLE TO PREDICT HOW LONG IT WOULD TAKE TO RESPOND.

5. AGIUS SAID MALTA "HAS THE FEELING" FROM "EMISSARIES FROM YOUR PRESIDENCY" THAT PRESIDENT CARTER WANTS CLOSER RELATIONS WITH MALTA. ACCORDING TO AGIUS, IT WAS ONLY IN RESPONSE TO SUCH INDICATIONS THAT FELICE HAD COME TO WASHINGTON. HE COMMENTED ON THE LANGUAGE OF THE PRESIDENTIAL LETTER, IMPLYING THAT THE STATE DEPARTMENT WAS MISINTERPRETING THE PRESIDENT'S INTENTIONS. DEPTOFF TOLD AGIUS THAT WE HAD NO KNOWLEDGE OF ANY PRESIDENTIAL

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EMISSARIES, THAT PRESIDENT'S LETTER CONTAINED NO PROMISES, THAT HE COULD TAKE THE POSITIONS SET FORTH BY AMBASSADOR LAINGEN OR DEPTOFF AS THE OFFICIAL POSITIONS OF THE USG. VANCE

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